

April 21, 2004

Low-Income Rates (Issue #9)

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Issue Type: Revenue Requirements

Issue Priority: Medium

Issue Description: *Should low-income rates return to 50% of regular rates? (They are now less than 50% of regular rates.) Are there any changes in eligibility that should be made?*

Current city policy states that rates for utility services should be discounted by 50% for low-income customers. The City has two low-income rate discount programs with different eligibility requirements.

The Utility Credit Program (UCP)

This program provides a discount on electric rates for low-income seniors (65+) and disabled individuals. Eligibility is based on total household income and must be less than 70% of the state median income.

Household Size	70% State Median Income (Monthly)
1	\$2,022.
2	\$2,644.
3	\$3,266.
4	\$3,889.

Based on data from 2002, the estimated number of customers eligible for the UCP is 21,130. In 2002, 12,585 customers (60% of the estimated eligible population) participated in the Utility Credit Program.

Low-Income Special Utility Rate (LISUR)

This program provides a discount on electric rates for low-income households. Eligibility is based on total household income and must be less than 200% of the Federal Poverty Level.

Household Size	200% Federal Poverty Level
1	\$1,552.
2	\$2,082.
3	\$2,612.
4	\$3,142.

Based on data from 2002, the estimated number of customers eligible for the LISUR is 35,530. In 2002, 3,364 customers (9.5% of the estimated eligible population) participated in the Utility Credit Program.

Rate Comparison

A comparison of the current rate structure indicates that UCP and LISUR participants are paying less than 50% of the standard rates. The following rates were listed on Seattle City Light's website on April 12, 2004.

	Standard Rates	LISUR&UCP Rates	ISUR&UCP/Standard Rate
1st Block	\$0.0420	\$0.0177	42%
2 nd Block	\$0.0853	\$0.0317	37%
3 rd Block	\$0.0995	\$0.0398	40%
Base Svc/day	\$0.0973	\$0.0487	50%

Revenue Impact

Revenue from low-income residents in 2002 was \$4,356,281 which was 21% of the total residential revenue (\$210,355,521.)

If the low-income discount returns to 50%, this would increase the low-income residential rates by approximately 25%. Revenues from low-income residential customers in 2002 are reported by SCL at \$4,356,281. An estimated 25% increase in this revenue stream would be approximately \$1,089,070.

Additional Information

City Light is working on additional information related to the low-income rate assistance program. This information should be available for the April 21 RAC meeting.

RESOLVE

1. Increase the low-income rate to 50% consistent with current City policy
2. Continue the low-income rate at approximately 40% and change City policy.